

Message Text

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ACTION ARA-17

INFO OCT-01 ADP-00 NIC-01 CIAE-00 DODE-00 PM-09 H-02

INR-10 L-03 NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-15

USIA-12 EUR-25 AID-20 EB-11 TRSE-00 IGA-02 RSR-01

/144 W

----- 012957

R 232119 Z APR 73

FM AMEMBASSY LIMA

TO SECSTATE WASHDC 5194

INFO AMEMBASSY SANTIAGO

USCINCSO

C O N F I D E N T I A L SECTION 1 OF 2 LIMA 2545

E. O. 11652: GDS

TAGS: PFOR, PINR, MASS, PE

SUBJECT: CONVERSATION WITH PRIME MINISTER MERCADO: LEFTIST
INFLUENCE IN THE GOVERNMENT AND FMS

FOR SANTIAGO: YOUR ATTENTION IS DRAWN ESPECIALLY TO PARA 6

1. DURING A RECENT CONVERSATION WITH PRIME MINISTER MERCADO, HE SAID HE WISHED TO DISCUSS THE PROBLEM OF THE FOREIGN MILITARY SALES WITH ME. AS WE WERE WAITING FOR THE ARRIVAL OF HIS CHIEF OF LOGISTICS GENERAL LOPEZ, MERCADO ASKED ME HOW I THOUGHT THINGS WERE GOING IN PERU. I ASKED HIM IN WHAT SENSE HE HAD ASKED THE QUESTION BECAUSE I THOUGHT SOME THINGS WERE GOING WELL AND SOME THINGS POORLY. THE PRIME MINISTER SAID THAT HE WAS INTERESTED IN MY REACTION TO THE CONSTANT ACCUSATIONS OF LEFTIST PENETRATION OF THE GOVERNMENT. I SAID THAT I HAD, OF COURSE, HEARD SUCH COMMENTS BUT THAT I HAD TENDED TO DISCOUNT THEIR IMPORTANCE BECAUSE OF MY VIEW THAT THE ARMED FORCES AS AN INSTITUTION WOULD NOT ACCEPT A RADICAL SWING TO THE LEFT AND, ON THE CONTRARY, WOULD RESIST IT. MOREOVER, I SAID I WAS CERTAIN THAT BY THIS TIME HE AND HIS COLLEAGUES MUST HAVE REALIZED THAT ACCESS TO WESTERN SOURCES OF CAPITAL WAS
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VITAL TO PERU' S DEVELOPMENT AND THAT THESE SOURCES COULD NOT BE REPLACED BY THE SOVIETS OR EAST EUROPEANS.

2. I SAID THAT THIS HAD BEEN THE NATURE OF MY REPORTING TO WASHINGTON EVEN THOUGH AT TIMES IT WAS DIFFICULT TO EXPLAIN SOME OF THE ZIGZAGS REPRESENTED BY STATEMENTS OF OFFICIALS OF THE GOP. AS A FOR INSTANCE I REFERRED TO THE RECENT STATEMENTS IN CUBA BY GENERAL LEONIDAS RODRIGUEZ WHO WAS THERE ON AN OFFICIAL VISIT. I SAID IT WAS DIFFICULT FOR ME TO ASSESS THE SIGNIFICANCE OF SUCH PRO- CUBAN AND ANTI- U. S. COMMENTS AS THEY MIGHT REFLECT OFFICIAL PERUVIAN POLICY.

3. UNFORTUNATELY, AT THIS MOMENT, GENERAL LOPEZ WALKED IN AND THE REST OF THE MEETING WAS TAKEN UP WITH A DISCUSSION OF FMS. IT WOULD HAVE BEEN INTERESTING TO HAVE HAD MERCADO' S REACTION TO MY COMMENTS ABOUT GENERAL RODRIGUEZ AND INDEED TO HEAR HIS OWN VIEWS ON CUBA. MY SUPPOSITION IS THAT MERCADO RAISED THE QUESTION OF LEFTISTS IN THE GOVERNMENT BECAUSE OF HIS PRE- OCCUPATION OVER HIS OWN POSITION AS REPRESENTING THE MODERATE LEFT AND HIS FEELINGS THAT HIS POSITION HAS BEEN WEAKENED BY THE MANEUVERINGS OF GRAHAM, RODRIGUEZ, FERNANDEZ MALDONADO, ET AL.

4. WITH REGARD TO FMS, MERCADO PRESENTED ME WITH AN ACCOUNTING OF THE ITEMS WHICH THE ARMY HAD REQUESTED DURING THE PERIOD LAST YEAR WHEN FMS WAS NOT SUSPENDED. HE SAID HE HAD NEVER RECEIVED ANY FORMAL REPLIES TO THESE REQUESTS AND HE WISHED TO KNOW OFFICIALLY WHETHER THE PERUVIAN ARMY COULD COUNT ON THE U. S. AS A SOURCE OF SUPPLY. HE PLAYED UP HIS OLD THEME WHEN HE SAID THAT, IF WE COULD NOT GIVE HIM A POSITIVE ANSWER, THEY WOULD HAVE TO LOOK ELSEWHERE. HE ADDED THAT WHEN AND IF THE GOP BOUGHT SOVIET EQUIPMENT, THIS SHOULD NOT BE INTERPRETED AS A FURTHER MOVE TO THE LEFT BUT RATHER AS SOMETHING FORCED ON THEM BY OUR DENIAL OF THEIR REQUESTS.

5. I TOLD THE PRIME MINISTER THAT I WAS SURE HE WAS WELL AWARE OF THE CONFLICT REPRESENTED BY OUR DESIRE TO COOPERATE WITH THE PERUVIAN MILITARY IN PROVIDING FOR THEIR ARMS NEEDS AND OF THE LEGISLATIVE RESTRICTIONS WHICH FROM TIME TO TIME MADE IT IMPOSSIBLE TO DO SO. I SAID THAT I PRESUMED HE WAS AWARE OF THE PROVISIONS OF THE PELLY AMENDMENT AS WELL AS OF THE FACT THAT
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THE STATE DEPARTMENT HAD CONSISTENTLY OPPOSED THE INTRODUCTION OF THIS SORT OF LEGISLATION BY THE CONGRESS. NEVERTHELESS, (QUOTING PRESIDENT VELASCO) I SAID " LA LEY EXISTE Y HAY QUE CUMPLIRLA." I SAID THAT BOTH HE AND I MIGHT AGREE THAT THE LAW WAS NOT A GOOD ONE JUST AS MANY PEOPLE IN PERU MIGHT AGREE THAT THIS
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C O N F I D E N T I A L SECTION 2 OF 2 LIMA 2545

6. AS IS ALMOST ALWAYS THE CASE IN CONVERSATIONS ON THIS SUBJECT, THE CHILEAN SYNDROME SOON SURFACED. THE PRIME MINISTER WANTED TO KNOW WHY WE WERE WILLING TO SELL A COMMUNIST REGIME A SHIP CAPABLE OF LANDIING 40 TANKS ON PERUVIAN SOIL AND WHY WE WERE CONSIDERING PROVIDING CHILE WITH A \$10 MILLION FMS CREDIT. (HE GAVE NO INDICATION OF ANY AWARENESS OF OUR WILLINGNESS TO SELL M-48 TANKS TO CHILE. IN HIS LIST OF REQUIREMENTS, HOWEVER, THERE IS AN ENTRY REQUESTING 110 " MEDIUM TANKS.") I TOLD HIM HE COULD BLAME THE TUNA FOR NOT GOING FAR ENOUGH SOUTH. IF ONLY THEY WOULD, THEN THE CHILEANS WOULD PICK UP OUR FISHING BOATS AND THEY WOULD BE WITHOUT FMS ALSO. IN OTHER WORDS, THERE WERE NO LEGISLATIVE RESTRICTIONS ON OUR SUPPORT OF THE CHILEAN MILITARY IN THEIR REQUESTS FOR MATERIEL. I SAID THAT WHILE WE COULD NOT BE SURE OF THE OVER- ALL EFFECT OF SUCH MODERATE SALES AND CREDITS TO CHILE, WE DID FEEL THAT IT WAS IMPORTANT TO DO WHAT WE COULD TO MAKE IT UNNECESSARY FOR THE CHILEAN MILITARY TO TURN TO THE USSR AS A SOURCE OF SUPPLY. MERCADO THEN SAID THAT IF SUCH REASONING WAS VALID FOR THE CHILEAN MILITARY WHY WAS IT NOT VALID FOR THE PERUVIANS. OUR CONVERSATION HAD COME TO A FULL CIRCLE AND I REMINDED HIM AGAIN THAT WE WERE UP AGAINST THE EXISTENCE OF PERUVIAN AND U. S. LAWS THAT WERE IN CONFLICT AND THAT WE HAD BEEN SEARCHING FOR SOME TIME TO FIND A WAY TO OVERCOME THIS
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CONFLICT OF INTERESTS. WE HAD HOPES WE COULD DO SO BUT, AS OF THE MOMENT, THE SOLUTION STILL ELUDED US.

BELCHER

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